

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6469**

**BILL NUMBER:** SB 117

**NOTE PREPARED:** Jan 21, 2014

**BILL AMENDED:** Jan 21, 2014

**SUBJECT:** Lump Sum Payment of ASA Contributions.

**FIRST AUTHOR:** Sen. Young R Michael

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill provides that contributions posted to a Public Employees' Retirement Fund (PERF) or Teachers' Retirement Fund (TRF) member's annuity savings account (ASA) after the final date on which the PERF or TRF member's retirement benefit is processed may be distributed to the member as determined by the rules of the board of trustees of the Indiana Public Retirement System (INPRS). It also removes a requirement that these contributions be paid as a lump sum. The bill requires the board to obtain the member's consent to the form of the distribution if the amount exceeds \$1,000.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** (Revised) The savings associated with the bill depend upon decisions by the board of trustees of INPRS, as well as decisions made by affected PERF and TRF members. If the board opts to increase the number of automated ASA lump sum payments to PERF and TRF members (and members consent to the distributions), INPRS could realize administrative savings, due to not having to manage the member's ASA funds, as well as removing the obligation to send quarterly statements to those members.

(Revised) **Additional Information:** When a PERF or TRF member leaves PERF- or TRF-covered employment, they may choose to leave their ASA invested with INPRS. During this time, INPRS is required to continue sending the member quarterly statements on their ASA until such time as the member chooses to receive the distribution, either in the form of a lump sum payment, direct rollover, or partial rollover (with balance paid to the member). Additionally, additional funds may remain in a member's ASA post retirement, due to trailing contributions from their employer after the date of their retirement. However, in those cases

where the member's ASA balance is less than \$1,000, INPRS may automatically distribute the ASA balance in the form of a lump sum payment, even if not requested by the member.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** INPRS.

**Local Agencies Affected:**

**Information Sources:** [www.in.gov/inprs/perfmbrhandbookbenefitsbefore retiring.htm](http://www.in.gov/inprs/perfmbrhandbookbenefitsbefore retiring.htm).

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